

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8104
Order No. R-7702-A

APPLICATION OF TENNECO OIL
COMPANY FOR EXEMPTION FROM
THE NEW MEXICO NATURAL GAS
PRICING ACT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 12, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 12th day of June, 1985, the Commission, a quorum being present, having considered the testimony and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Tenneco Oil Company, holds an interest in certain wells in the Basin-Dakota Pool in San Juan County, New Mexico, as described below, which it does not operate and which are subject to the New Mexico Natural Gas Pricing Act, hereinafter referred to as "the Act," unless exempted therefrom and has requested that the Commission find that said wells were justified for reasons other than avoiding the pricing provisions of the New Mexico Natural Gas Pricing Act:

<u>Lease Name</u>	<u>Well No.</u>	<u>Unit Letter</u>	<u>Section</u>	<u>Township North</u>	<u>Range West</u>
Johnson Gas Com B	1-E	I	21	27	10
Morris Gas Com B	1-E	M	10	27	10

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(3) The Act is not applicable to wells, the drilling or first intrastate sale of gas of which commenced on or after January 1, 1975, provided, however, that said Act shall apply to any well if it is drilled on an established proration unit which was producing gas or capable of producing gas prior to January 1, 1975, from the same reservoir unless the Oil Conservation Division exempts such well upon a finding that such new well was justified for reasons other than avoiding the application of the Act.

(4) Each of the wells listed above in Finding No. (2) qualifies for such exemption, since each of the wells was completed in the Basin-Dakota Pool and drilled pursuant to the Basin-Dakota Infill Drilling Order No. R-1670-V.

(5) Applicant has certified that the operator has done nothing to restrict the ability of the original well on the unit to produce into the pipeline.

(6) The application should be approved.

(7) The applications for exemption for these two wells were filed on May 11, 1984.

(8) Testimony as to the subject wells was offered in Case No. 8132 and was incorporated into the record in Case No. 8104.

(9) Because of the manner in which the record relative to the subject wells was developed, they were overlooked and not included in Order No. R-7702 which resulted from Case No. 8104.

(10) The subject wells should be granted exemptions from the Act in a supplemental order.

IT IS THEREFORE ORDERED THAT:

(1) The following wells in the Basin-Dakota Pool, San Juan County, New Mexico, in which Tenneco Oil Company has an interest, but does not operate, are hereby exempted from the provisions of the New Mexico Natural Gas Pricing Act and are found to be justified for reasons other than avoiding the pricing provisions of the Natural Gas Pricing Act:

<u>Lease Name</u>	<u>Well No.</u>	<u>Unit Letter</u>	<u>Section</u>	<u>Township North</u>	<u>Range West</u>
Johnson Gas Com B	1-E	I	21	27	10
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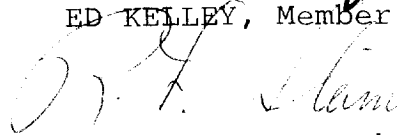
(2) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member


ED KELLEY, Member


R. L. STAMETS, Chairman and
Secretary

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